

THIRD REVISED REBUTTAL TESTIMONY

of

BURMA C. JONES

Accountant
Accounting Department
Financial Analysis Division
Illinois Commerce Commission

Proposed General Increase in Gas Rates

Central Illinois Public Service Company, d/b/a AmerenCIPS
and
Union Electric Company, d/b/a AmerenUE

Docket Nos. 02-0798/03-0008/03-0009 (Consolidated)

July 2, 2003

Table of Contents

Witness and Schedule Identification.....	1
Revenue Requirement	4
Interest Synchronization Adjustment.....	6
Gross Revenue Conversion Factor	6
Outside Services	6
Rate Case Expense	7
Wage Expense	9
Pension Expense	11
Incentive Compensation.....	11
Early Retirement Labor Expense.....	16
Voluntary Retirement Program Costs.....	18
Conclusion	19

Schedules

Schedules 18.1CIPS & 18.1UE	Statement of Operating Income with Adjustments
Schedules 18.2CIPS & 18.2UE	Adjustments to Operating Income
Schedules 18.3CIPS & 18.3UE	Rate Base
Schedules 18.4CIPS & 18.4UE	Adjustments to Rate Base
Schedules 18.5CIPS & 18.5UE	Interest Synchronization Adjustment
Schedules 18.6CIPS & 18.6UE	Gross Revenue Conversion Factor Schedule
Schedules 18.7CIPS & 18.7UE	Outside Services Expense Adjustment
Schedules 18.8CIPS & 18.8UE	Rate Case Expense Adjustment
Schedules 18.9CIPS & 18.9UE	Wage Expense Adjustment
Schedules 18.10CIPS & 18.10UE	Pension Expense Adjustment
Schedules 18.11CIPS & 18.11UE	Incentive Compensation Expense Adjustment
Schedules 18.12CIPS & 18.12UE	Early Retirement Labor Expense Adjustment
Schedules 18.13CIPS & 18.13UE	Voluntary Retirement Program Costs Adjustment

1 Witness and Schedule Identification

2 Q. Please state your name and business address.

3

4 A. My name is Burma C. Jones. My business address is 527 East Capitol
5 Avenue, Springfield, Illinois 62701.

6 Q. By whom are you employed and in what capacity?

7

8 A. I am currently employed as an Accountant in the Accounting Department
9 of the Financial Analysis Division of the Illinois Commerce Commission
10 ("Commission").

11 Q. Are you the same Burma C. Jones who previously filed rebuttal testimony
12 in this proceeding?

13

14 A. Yes, my rebuttal testimony was filed on June 5, 2003 as ICC Staff Exhibit
15 8.0, and my second revised rebuttal testimony was filed on June 23, 2003
16 as ICC Staff Exhibit 15.0.

17 Q. What is the purpose of your third revised rebuttal testimony in this
18 proceeding?

19

20 A. Pursuant to the “Notice of Administrative Law Judges’ Ruling” filed on
21 June 30, 2003, I am combining Staff Exhibit 15.0, Second Revised
22 Rebuttal Testimony of Burma C. Jones, with those portions of Staff Exhibit
23 8.0, Rebuttal Testimony of Burma C. Jones, that I still advocate.

24

25 I am presenting the Staff of the Illinois Commerce Commission’s (“Staff”
26 and “ICC”) revised Revenue Requirement schedules for Central Illinois
27 Public Service Company (“CIPS” or “Company”) and for Union Electric
28 Company (“UE” or “Company”) (collectively, “Companies”). These
29 schedules are based upon the revisions that CIPS and UE made in
30 rebuttal testimony, and Staff’s adjustments thereto.

31

32 I am also presenting testimony regarding outside services, rate case
33 expense, wage expense, pension expense, incentive compensation, and
34 the Voluntary Retirement Program (“VRP”). I have withdrawn my
35 adjustment to outside services, and the Company has accepted my
36 adjustments to pension expense, unamortized prior rate case expense,
37 and the 2003 salary increase for management employees. Contested
38 issues remaining include the amortization period for rate case expense,
39 the 2003 wage increase for contractual labor, incentive compensation, and

40 the savings and costs associated with the Voluntary Retirement Program.

41 Q. Are you sponsoring any schedules as part of your rebuttal testimony?

42

43 A. Yes, I prepared the following schedules for the Company, which show
44 data as of, or for the test year ending, June 30, 2002:

45 REVENUE REQUIREMENT SCHEDULES

46 Schedules 18.1CIPS & 18.1UE Statement of Operating Income with
47 Adjustments

48 Schedules 18.2CIPS & 18.2UE Adjustments to Operating Income

49 Schedules 18.3CIPS & 18.3UE Rate Base

50 Schedules 18.4CIPS & 18.4UE Adjustments to Rate Base

51 Schedules 18.5CIPS & 18.5UE Interest Synchronization Adjustment

52 Schedules 18.6CIPS & 18.6UE Gross Revenue Conversion Factor

53

54 ADJUSTMENT SCHEDULES

55 Schedules 18.7CIPS & 18.7UE Outside Services Expense Adjustment

56 Schedules 18.8CIPS & 18.8UE Rate Case Expense Adjustment

57 Schedules 18.9CIPS & 18.9UE Wage Expense Adjustment

58 Schedules 18.10CIPS & 18.10UE Pension Expense Adjustment

59 Schedules 18.11CIPS & 18.11UE Incentive Compensation Expense
60 Adjustment

61 Schedules 18.12CIPS & 18.12UE Early Retirement Labor Expense

62 Adjustment

63 Schedules 18.13CIPS & 18.13UE Vountary Retirement Program Costs
64 Adjustment

65 Revenue Requirement

66 Q. Please describe ICC Staff Exhibit 18.0, Schedule 18.1, Statement of
67 Operating Income with Adjustments.

68

69 A. Page 1 of Schedule 18.1 is the same as ICC Staff Exhibit 1.0, Schedule
70 1.1, described on pages 3 and 4 of ICC Staff Exhibit 1.0, except that it
71 incorporates Company and Staff rebuttal positions. Page 2 compares the
72 Company's original position with its rebuttal position.

73 Q. Are there other changes to Schedule 18.1, as compared to Schedule 1.1?

74

75 A. Yes. The amount of PGA expense was changed to match the amount of
76 PGA revenue. PGA revenue and PGA expense were included in the
77 revenue requirement on Schedule 1.1 in order to facilitate recovery of
78 uncollectibles on the PGA revenue. However, as pointed out in the
79 testimony of Company witness Tom Opich (AmerenCIPS/UE Exhibit No.
80 14.0, page 10.), "...mismatches between revenues and expenses are
81 reconciled in the PGA process and should not be reflected in base rates."

82 Matching the PGA expense to the PGA revenue removes the effect of the
83 PGA from the revenue requirement.

84 Q. Please describe ICC Staff Exhibit 18.0, Schedule 18.2, Adjustments to
85 Operating Income.

86

87 A. Schedule 18.2 identifies Staff's rebuttal adjustments to operating income.
88 The source of each adjustment is shown in the heading of each column.
89 Column (Y) on Schedule 18.2CIPS and Column (Q) on Schedule 18.2UE
90 are carried forward to the respective ICC Staff Exhibit 18.0, Schedule
91 18.1, Column (C).

92 Q. Please describe ICC Staff Exhibit 18.0, Schedule 18.3, Rate Base.

93

94 A. Page 1 of Schedule 18.3 is the same as ICC Staff Exhibit 1.0, Schedule
95 1.3, described on page 5 of ICC Staff Exhibit 1.0, except that it
96 incorporates Company and Staff rebuttal positions. Page 2 compares the
97 Company's original position with its rebuttal position.

98 Q. Please describe ICC Staff Exhibit 18.0, Schedule 18.4, Adjustments to
99 Rate Base.

100

101 A. Schedule 18.4 identifies Staff's adjustments to rate base. The source of
102 each adjustment is shown in the heading of each column. Column (I) is
103 carried forward to ICC Staff Exhibit 18.0, Schedule 18.3, Column (C).

104 Interest Synchronization Adjustment

105 Q. Please explain ICC Staff Exhibit 18.0, Schedule 18.5, Interest
106 Synchronization Adjustment.

107

108 A. Schedule 18.5 uses the same concept as ICC Staff Exhibit 1.0, Schedule
109 1.5. The theory is discussed in ICC Staff Exhibit 1.0, pages 5 and 6.

110 Gross Revenue Conversion Factor

111 Q. Please describe ICC Staff Exhibit 18.0, Schedule 18.6, Gross Revenue
112 Conversion Factor.

113

114 A. Schedule 18.6 is the same as ICC Staff Exhibit 1.0, Schedule 1.6,
115 described on pages 6 and 7 of ICC Staff Exhibit 1.0.

116 Outside Services

117 Q. Please describe ICC Staff Exhibit 18.0, Schedule 18.7, Outside Services
118 Expense Adjustment.

119

120 A. Schedule 18.7 reflects that I have withdrawn my adjustment to Outside
121 Services expense. After my direct testimony was filed, the Company
122 provided additional information that supports the amount of outside
123 services expense that the Company originally filed. Based upon a review
124 of the information, I withdraw my adjustment.

125 Rate Case Expense

126 Q. Please describe ICC Staff Exhibit 18.0, Schedule 18.8, Rate Case
127 Expense Adjustment.

128
129 A. Schedule 18.8 reflects the Company's rebuttal position, which appears to
130 accept my adjustment to correct the prior unamortized rate case expense.
131 However, my adjustment to amortize rate case expense over a five-year
132 period is still contested by the Company.

133 Q. Why does Company witness Opich's statement that "the Companies
134 expect to seek further rate relief in three years" (AmerenCIPS/UE Exhibit
135 No. 14.0, page 15.) not persuade you to change the amortization period
136 for rate case expense to three years from the five years proposed in your
137 direct testimony?

139 A. Staff received the following response to Staff data request CIPS&UE-BCJ-
140 6.02, which inquired if it is definite that the Companies will seek rate relief
141 in three years:

142 No, it is not definite that the Companies will seek rate relief
143 in three years. However, in the Companies' opinion, three
144 years is the best estimate of the time in which they will seek
145 rate relief, especially given the existing and projected level of
146 capital expenditures for the Companies' gas distribution
147 systems.

148 The goal in setting an amortization period is to select a time interval that
149 allows a Company to recover the instant rate case expense approved by
150 the Commission before its next rate case proceeding. If the Company
151 initiates its next rate proceeding before it has fully recovered the prior
152 approved rate case expense, the unamortized portion can be included in
153 the new proceeding. In fact, there is unamortized prior rate case expense
154 in the revenue requirement for each Company in this proceeding.
155 However, if a Company exceeds the selected amortization period before it
156 initiates its next rate proceeding, it will over-recover rate case expense,
157 and there is no mechanism for returning the over-recovered amount to
158 ratepayers. In selecting an amortization period, it is more appropriate to
159 look at a Company's actual rate case history than to rely on an estimated
160 time period until the next rate proceeding. Based on rate case history, five

161 years is more appropriate than three years over which to amortize the rate
162 case expense of the instant proceeding.

163 Q. In support of his argument for a three-year amortization period, Company
164 witness Opich identifies three recent cases in which the Commission
165 approved a three-year amortization period for rate case expenses. Please
166 comment.

167
168 A. Presumably, three years was judged to be the appropriate amortization
169 interval based upon the facts particular to each case.

170 Q. Does the Company accept your adjustment to correct unamortized prior
171 rate case expense for each Company to reflect the allocation method and
172 amount that was approved in the previous rate case?

173
174 A. Based on AmerenCIPS Exhibit No. 14.5, lines 16 and 17, and AmerenUE
175 Exhibit No. 14.5, lines 10 and 11, it appears that the Company accepts the
176 adjustment.

177 Wage Expense

178 Q. Please describe ICC Staff Exhibit 18.0, Schedule 18.9, Wage Expense
179 Adjustment.

180

181 A. Schedule 18.9 presents my adjustment to disallow the 2003 wage
182 increase for collective bargaining unit employees. It also reflects that the
183 Company accepted my adjustment to disallow the 2003 wage increase for
184 management employees.

185 Q. Explain why you do not agree with Company witness Opich's assertion
186 (AmerenCIPS/UE Exhibit No. 14.0, pages 13-14) that it is not reasonable
187 to eliminate the 2003 labor increases for collective bargaining unit
188 employees.

189

190 A. I agree that it is not reasonable for ratepayers to pay for a pro forma wage
191 increase that, at this point in time, clearly does not meet the standard for a
192 "known and measurable change" as required by 83 Ill. Adm. Code
193 285.150. (ICC Staff Exhibit 1.0, page 10.) According to Mr. Opich's
194 rebuttal testimony filed on May 5, 2003, formal negotiations between the
195 Companies and the collective bargaining units for the current contracts
196 that expire on June 30, 2003 had just begun, and no offer had been
197 presented by the Companies to the bargaining units. It is unknown when
198 a new contract will take effect, if it will contain a pay increase, the rate of
199 any increase, and the date the increase becomes effective.

200 Pension Expense

201 Q. Please explain ICC Staff Exhibit 18.0, Schedule 18.10, Pension Expense
202 Adjustment.

203

204 A. Schedule 18.10 reflects the Company's acceptance of my proposed
205 disallowance of expense related to a supplemental retirement plan and to
206 survivor's benefits under the deferred compensation plan. (AmerenCIPS
207 Exhibit No. 14.5, lines 14-15, and AmerenUE Exhibit No. 14.5, lines 8-9.)

208 Incentive Compensation

209 Q. Please explain ICC Staff Exhibit 18.0, Schedule 18.11, Incentive
210 Compensation Expense Adjustment.

211

212 A. Schedule 18.11 presents my adjustment to disallow incentive
213 compensation. The adjustment has been revised since my direct
214 testimony to also disallow incentive compensation included in affiliate
215 payments to AmerenEnergy Fuels and Services Company ("AFS").

216 Q. Did you review the rebuttal testimonies of Company witnesses pertaining
217 to your incentive compensation adjustment?

218

219 A. Yes. I have reviewed the testimonies of Jimmy L. Davis, AmerenCIPS/UE

220 Exhibit No. 11.0 (Rev.), Mark C. Lindgren, AmerenCIPS/UE Exhibit No.
221 15.0, and David Cross, AmerenCIPS/UE Exhibit No. 16.0.

222 Q. Are the Company witnesses persuasive in their efforts to show that your
223 adjustment to remove incentive compensation from test year expenses is
224 in error?

225

226 A. No.

227 Q. Please respond to Company witness Davis' discussion of incentive
228 compensation as a critical part of the compensation package that allows
229 the Company to more easily attract and retain skilled employees and
230 provides a useful tool for focusing employee efforts and rewarding
231 employees who perform at high levels.

232

233 A. I have no basis on which to agree or disagree with Mr. Davis' assertions.
234 My adjustment is not based on the premise that incentive compensation
235 serves no purpose. My adjustment is based on the reasons identified and
236 discussed in my direct testimony, ICC Staff Exhibit 1.0, pages 14 – 18.

237 Q. According to Company witness Lindgren, "...the most significant influence
238 on the payment of incentives is the employee's individual and functional

239 performance...” (AmerenCIPS/UE Exhibit No. 15.0, page 8.) Do you
240 agree?

241

242 A. No. The most significant influence on the payment of incentives is
243 whether or not the Company has achieved a certain level of performance
244 as measured by the earnings per share (“EPS”), which is a financial
245 measurement that is primarily of benefit to shareholders. The EPS level
246 determines how much money is available to fund the incentive plans. If
247 the EPS is below the threshold level set by the Board, no funds are
248 available and no incentive compensation is paid, regardless of how well
249 the employees meet their individual goals.

250 Q. Company witness Cross states that your “position the utility could recover
251 incentive compensation expense in rates but then not pay out the
252 compensation, is not grounded in market reality.” (AmerenCIPS/UE
253 Exhibit No. 16.0, page 11.) What is your response?

254

255 A. Mr. Cross also makes the following statements:

256 I cannot foresee at this time, in this marketplace, where it
257 would be prudent for Ameren to discontinue the incentive
258 compensation plans. The labor market implications of such
259 an action would suggest to current and future employees
260 that the opportunity to earn incentives is an empty promise
261 which would have a significant backlash effect on the

262 Company's ability to retain and attract employees, to say
263 nothing of the fact that employee morale would be
264 undermined. (AmerenCIPS/UE Exhibit No. 16.0, page 10.)

265 Mr. Cross' rebuttal testimony was filed on May 5, 2003. Approximately
266 three months earlier, on February 14, 2003, the Company notified
267 employees covered by the various incentive compensation plans that,
268 based on the adjusted EPS results for 2002, the plans would be funded
269 and bonuses for 2002 would be paid. The notification letter received by
270 bargaining unit employees covered by the AIP also included the following
271 information.

272 Because of Ameren's current financial situation and the
273 wage freeze imposed on management employees, Ameren
274 is not currently planning to offer the AIP in 2003.

275 The reality is that incentive compensation plans are discretionary and may
276 be suspended (or discontinued) at any time, even at the risk of being
277 imprudent, as suggested by Mr. Cross.

278 Q. What is the financial effect of suspending an incentive compensation plan
279 if the Company is allowed to recover incentive compensation through
280 rates?

281

282 A. All else being equal, net income is enhanced when a Company is allowed
283 to recover an expense that has been provided for in rates but that is not
284 incurred. Once rates are set, the rates remain in effect until the next rate

proceeding. If the Company were allowed to include incentive compensation in its revenue requirement, ratepayers would provide funding (through rates) even if no cost were incurred by the Company because plan goals were not met – or, in this instance, because the Company decided to suspend the incentive plan.

Q. Please explain the increase to your incentive compensation adjustment on Schedule 18.11.

A. The increase reflects incentive compensation paid to the employees of AFS that is included in the Company's revenue requirement. The incentive compensation is part of the charge for fuel procurement services that AFS provides to the Company.

Q. Why was the incentive compensation for AFS employees excluded from your original adjustment?

A. I did not know that AFS incentive compensation was included in the Company's revenue requirement until the Company responded to data request CIPS&UE-BCJ-6.03, dated May 19, 2003, which was sent in response to the rebuttal testimony of Company witness Jimmy L. Davis, AmerenCIPS/UE Exhibit No. 11.0 (Rev.).

Q. Why is it appropriate to remove the incentive compensation paid to AFS employees?

A. AFS is an affiliated interest that bears the same relationship to the Company as does AMS. Incentive compensation paid to AMS employees and allocated to the Company was excluded from operating expense in my original adjustment on Schedule 1.11 for the reasons described in my direct testimony, ICC Staff Exhibit 1.0, pages 13-18. It is appropriate to remove incentive compensation paid to AFS employees for the same reasons.

Early Retirement Labor Expense

Q. Please describe ICC Staff Exhibit 18.0, Schedule 18.12, Early Retirement Labor Expense Adjustment.

A. Schedule 18.12 reflects my adjustment to the Company's rebuttal position, wherein 1) the Company accepted my pro forma adjustment to reduce operating expenses by the amount of early retirement labor savings and 2) the Company proposed a pro forma adjustment to add back the labor expense of the vacated positions that it expects to refill.

324 Q. What is your understanding of the Company's position regarding your
325 Early Retirement Labor Expense adjustment?

326

327 A. Based on the testimony of Company witness Tom Opich
328 (AmerenCIPS/UE Exhibit No. 14.0, pages 11–13), it appears that the
329 Company disagrees with the fact that I did not allow for labor expense for
330 the positions that are to be refilled or for the additional expenses incurred
331 to implement the VRP.

332 Q. Why are you disallowing labor expense for the positions that are to be
333 refilled?

334

335 A. The information regarding the VRP provided in the Company's
336 supplemental response to Staff data request CIPS-069 and UE-069 does
337 not indicate that the positions have been refilled, only that the Company
338 intends to refill them. The potential labor expense does not meet the
339 "known and measurable" standard required by 83 Ill. Adm. Code 285.150
340 for a pro forma adjustment. (ICC Staff Exhibit 1.0, page 10.) Until such
341 time as the Company can demonstrate that the positions have been filled,
342 I stand by my proposed disallowance of the labor expense for the unfilled
343 positions.

344 Voluntary Retirement Program Costs

345 Q. Please describe ICC Staff Exhibit 18.0, Schedule 18.13, Voluntary
346 Retirement Program Costs Adjustment.

347

348 A. Schedule 18.13 reflects my adjustment to disallow the amortized costs of
349 the Voluntary Retirement Program, which the Company included in the
350 revenue requirement filed with its rebuttal testimony. (AmerenCIPS
351 Exhibit No. 14.6 and AmerenUE Exhibit No. 14.6.)

352 Q. What do the expenses incurred to implement the VRP plan represent?

353

354 A. Approximately ninety-eight percent (98%) of the VRP expenses are for
355 pension plan and other post employment benefits ("OPEB") costs. It is my
356 understanding that these costs represent the difference between the
357 benefits earned to date by the voluntary retirees and the benefits to be
358 received by them in the future.

359 Q. Why are you disallowing the costs incurred to implement the VRP?

360

361 A. According to the Company, the pro forma test year pension and OPEB
362 expenses proposed by the Company are based on the 2003 budget,
363 which is based on the 2002 actuarial study. The 2002 actuarial study

364 does not reflect the early retirements. I made no adjustment to the pro
365 forma test year pension and OPEB expenses for the early retirements;
366 therefore, annual pension and OPEB expenses for the retirees is included
367 in the revenue requirement, and the Company will recover the expense in
368 base rates until the next rate proceeding. If the Company were allowed to
369 add the VRP costs as proposed, it would recover the expense twice.

370 Conclusion

371 Q. Does this question end your prepared rebuttal testimony?

372

373 A. Yes.

AmerenCIPS
Statement of Operating Income with Adjustments
For the Test Year Ending June 30, 2002
(In Thousands)

		Company Rebuttal			Company	Staff	Proposed		Staff
		Pro Forma	Staff	Staff	Increase	Gross	Rates With	Adjustment	Pro Forma
		Present	Adjustments	Pro Forma		Revenue	Staff	To	Proposed
		(St. Ex. 18.0)	(St. Ex. 18.0)	Present	(Co. Schs.	Conversion	Adjustments	Proposed	Proposed
		<u>Sch. 18.1 CIPS, p. 2'</u>	<u>Sch. 18.2 CIPS)</u>	<u>(Cols. B+C)</u>	<u>C-1, C-6.2)</u>	<u>Factor</u>	<u>(Cols. D+E+F)</u>	<u>Increase</u>	<u>(Cols. G+H)</u>
Line No.	Description	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(I)
1	Operating Revenues	\$ 52,831	\$ -	\$ 52,831	\$ 16,395	\$ (56)	\$ 69,170	\$ (8,668)	\$ 60,502
2	Other Revenues	1,351	-	1,351	-	-	1,351	-	1,351
3	PGA Revenues	86,819	-	86,819	-	-	86,819	-	86,819
4		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
5	Total Operating Revenue	141,001	-	141,001	16,395	(56)	157,340	(8,668)	148,672
6	Uncollectible Accounts	1,442	(453)	989	164	(56)	1,097	(57)	1,040
7	Production	964	(96)	868	-	-	868	-	868
8	PGA Expenses	86,819	-	86,819	-	-	86,819	-	86,819
9	Gas Storage and Processing	1,653	(34)	1,619	-	-	1,619	-	1,619
10	Transmission	960	(37)	923	-	-	923	-	923
11	Distribution	13,121	(579)	12,542	-	-	12,542	-	12,542
12	Customer Accounts	2,596	(110)	2,486	-	-	2,486	-	2,486
13	Customer Service	122	(12)	110	-	-	110	-	110
14	Sales	178	(9)	169	-	-	169	-	169
15	Administrative and General	15,242	(1,330)	13,912	-	-	13,912	-	13,912
16	Depreciation and Amortization	7,358	(5)	7,353	-	-	7,353	-	7,353
17	Taxes Other Than Income	2,172	(77)	2,095	-	-	2,095	-	2,095
18		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
19	Total Operating Expense								
20	Before Income Taxes	132,627	(2,742)	129,885	164	(56)	129,993	(57)	129,936
21	State Income Tax	298	82	380	1,185	-	1,565	(629)	936
22	Federal Income Tax	905	789	1,694	5,266	-	6,960	(2,794)	4,166
23	Deferred Invest. Tax Credits - Net	(162)	-	(162)	-	-	(162)	-	(162)
24	Total Operating Expenses	<u>133,668</u>	<u>(1,871)</u>	<u>131,797</u>	<u>6,615</u>	<u>(56)</u>	<u>138,356</u>	<u>(3,480)</u>	<u>134,876</u>
25	NET OPERATING INCOME	<u>\$ 7,333</u>	<u>\$ 1,871</u>	<u>\$ 9,204</u>	<u>\$ 9,780</u>	<u>\$ -</u>	<u>\$ 18,984</u>	<u>\$ (5,188)</u>	<u>\$ 13,796</u>
26	Staff Rate Base (ICC Staff Exhibit 18.0, Schedule 18.3 CIPS, Column (D))								\$ 166,409
27	Staff Overall Rate of Return (ICC Staff Exhibit 6.0, Schedule 6.1 CIPS)								8.29%
28	Revenue Change (Col. (I) Line 1 minus Col. (D), Line 1)								\$ 7,671
29	Percentage Revenue Change (Col. (I), Line 28 divided by Col. (D), Line 1)								14.52%

AmerenCIPS
Statement of Operating Income with Adjustments
For the Test Year Ending June 30, 2002
(In Thousands)

Line No.	Description	Company Pro Forma Present (Co. Schs. C-2, C-3, CIPS Ex. 10.4)	Company Rebuttal Adjustments (CIPS Ex. No. 14.4)	Company Rebuttal Pro Forma Present (B+C)
	(A)	(B)	(C)	(D)
1	Operating Revenues	\$ 52,831	\$ -	\$ 52,831
2	Other Revenues	1,351	-	1,351
3	PGA Revenues	86,819	-	86,819
4		-	-	-
5	Total Operating Revenue	141,001	-	141,001
6	Uncollectible Accounts	1,442	-	1,442
7	Production	1,021	(57)	964
8	PGA Expenses	86,819	-	86,819
9	Gas Storage and Processing	1,701	(48)	1,653
10	Transmission	1,013	(53)	960
11	Distribution	13,907	(786)	13,121
12	Customer Accounts	2,748	(152)	2,596
13	Customer Service	133	(11)	122
14	Sales	192	(14)	178
15	Administrative and General	14,363	879	15,242
16	Depreciation and Amortization	7,359	(1)	7,358
17	Taxes Other Than Income	2,272	(100)	2,172
18		-	-	-
19	Total Operating Expense			
20	Before Income Taxes	132,970	(343)	132,627
21	State Income Tax	313	(15)	298
22	Federal Income Tax	972	(67)	905
23	Deferred Invest. Tax Credits - Net	(162)	-	(162)
24	Total Operating Expenses	134,093	(425)	133,668
25	NET OPERATING INCOME	\$ 6,908	\$ 425	\$ 7,333

AmerenCIPS
Adjustments to Operating Income
For the Test Year Ending June 30, 2002
(In Thousands)

Line No.	Description	Interest Synchronization (St. Ex. 18.0 Sch. 18.5 CIPS)	Outside Services (St. Ex. 18.0 Sch. 18.7 CIPS)	Rate Case Expense (St. Ex. 18.0 Sch. 18.8 CIPS)	Wage Expense (St. Ex. 18.0 Sch. 18.9 CIPS)	Pension Expense (St. Ex. 18.0 Sch. 18.10 CIPS)	Incentive Compensation (St. Ex. 18.0 Sch. 18.11 CIPS)	Early Retirement (St. Ex. 18.0 Sch. 18.12 CIPS)	Subtotal Operating Statement Adjustments
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
1	Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Other Revenues	-	-	-	-	-	-	-	-
3	PGA Revenues	-	-	-	-	-	-	-	-
4		-	-	-	-	-	-	-	-
5	Total Operating Revenue	-	-	-	-	-	-	-	-
6	Uncollectible Accounts	-	-	-	-	-	-	-	-
7	Production	-	-	-	-	-	(88)	(8)	(96)
8	PGA Expenses	-	-	-	-	-	-	-	-
9	Gas Storage and Processing	-	-	-	(9)	-	(14)	(7)	(30)
10	Transmission	-	-	-	(4)	-	(25)	(8)	(37)
11	Distribution	-	-	-	(185)	-	(257)	(137)	(579)
12	Customer Accounts	-	-	-	(43)	-	(40)	(27)	(110)
13	Customer Service	-	-	-	-	-	(6)	(1)	(7)
14	Sales	-	-	-	-	-	(7)	(2)	(9)
15	Administrative and General	-	-	(41)	(13)	-	(97)	(29)	(180)
16	Depreciation and Amortization	-	-	-	-	-	-	-	-
17	Taxes Other Than Income	-	-	-	(19)	-	(41)	(17)	(77)
18		-	-	-	-	-	-	-	-
19	Total Operating Expense	-	-	(41)	(273)	-	(575)	(236)	(1,125)
20	Before Income Taxes	-	-	(41)	(273)	-	(575)	(236)	(1,125)
21	State Income Tax	1	-	3	20	-	42	17	83
22	Federal Income Tax	6	-	13	89	-	187	77	372
23	Deferred Invest. Tax Credits - Net	-	-	-	-	-	-	-	-
24	Total Operating Expenses	7	-	(25)	(164)	-	(346)	(142)	(670)
25	NET OPERATING INCOME	\$ (7)	\$ -	\$ 25	\$ 164	\$ -	\$ 346	\$ 142	\$ 670

AmerenCIPS
Adjustments to Operating Income
For the Test Year Ending June 30, 2002
(In Thousands)

Line No.	Description	Subtotal Operating Statement Adjustments	Voluntary Retirement Program Costs (St. Ex. 18.0 Sch. 18.13 CIPS)	Uncollectibles Expense (St. Ex. 10.0 Sch. 10.3 CIPS)	Advertising Expense (St. Ex. 10.0 Sch. 10.4 CIPS)	Charitable Contributions (St. Ex. 10.0 Sch. 10.5 CIPS)	Membership Dues (St. Ex. 10.0 Sch. 10.6 CIPS)	Interest on Customer Deposits (St. Ex. 10.0 Sch. 10.7 CIPS)	Subtotal Operating Statement Adjustments
	(A)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)
1	Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Other Revenues	-	-	-	-	-	-	-	-
3	PGA Revenues	-	-	-	-	-	-	-	-
4		-	-	-	-	-	-	-	-
5	Total Operating Revenue	-	-	-	-	-	-	-	-
6	Uncollectible Accounts	-	-	(453)	-	-	-	-	(453)
7	Production	(96)	-	-	-	-	-	-	(96)
8	PGA Expenses	-	-	-	-	-	-	-	-
9	Gas Storage and Processing	(30)	-	-	-	-	-	-	(30)
10	Transmission	(37)	-	-	-	-	-	-	(37)
11	Distribution	(579)	-	-	-	-	-	-	(579)
12	Customer Accounts	(110)	-	-	-	-	-	-	(110)
13	Customer Service	(7)	-	-	(5)	-	-	-	(12)
14	Sales	(9)	-	-	-	-	-	-	(9)
15	Administrative and General	(180)	(1,150)	-	-	-	-	-	(1,330)
16	Depreciation and Amortization	-	-	-	-	-	-	-	-
17	Taxes Other Than Income	(77)	-	-	-	-	-	-	(77)
18		-	-	-	-	-	-	-	-
19	Total Operating Expense	-	-	-	-	-	-	-	-
20	Before Income Taxes	(1,125)	(1,150)	(453)	(5)	-	-	-	(2,733)
21	State Income Tax	83	84	33	-	-	-	-	200
22	Federal Income Tax	372	373	147	2	-	-	-	894
23	Deferred Invest. Tax Credits - Net	-	-	-	-	-	-	-	-
24	Total Operating Expenses	(670)	(693)	(273)	(3)	-	-	-	(1,639)
25	NET OPERATING INCOME	\$ 670	\$ 693	\$ 273	\$ 3	\$ -	\$ -	\$ -	\$ 1,639

AmerenCIPS
Adjustments to Operating Income
For the Test Year Ending June 30, 2002
(In Thousands)

Line No.	Description	Subtotal Operating Statement Adjustments	Income Tax Expense (St. Ex. 10.0 Sch. 10.8 CIPS)	Belle Gent Storage Field (St. Ex. 16.0 Sch. 16.2 CIPS)	(Source)	(Source)	(Source)	(Source)	Total Operating Statement Adjustments
	(A)	(R)	(S)	(T)	(U)	(V)	(W)	(X)	(Y)
1	Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Other Revenues	-	-	-	-	-	-	-	-
3	PGA Revenues	-	-	-	-	-	-	-	-
4		-	-	-	-	-	-	-	-
5	Total Operating Revenue	-	-	-	-	-	-	-	-
6	Uncollectible Accounts	(453)	-	-	-	-	-	-	(453)
7	Production	(96)	-	-	-	-	-	-	(96)
8	PGA Expenses	-	-	-	-	-	-	-	-
9	Gas Storage and Processing	(30)	-	(4)	-	-	-	-	(34)
10	Transmission	(37)	-	-	-	-	-	-	(37)
11	Distribution	(579)	-	-	-	-	-	-	(579)
12	Customer Accounts	(110)	-	-	-	-	-	-	(110)
13	Customer Service	(12)	-	-	-	-	-	-	(12)
14	Sales	(9)	-	-	-	-	-	-	(9)
15	Administrative and General	(1,330)	-	-	-	-	-	-	(1,330)
16	Depreciation and Amortization	-	-	(5)	-	-	-	-	(5)
17	Taxes Other Than Income	(77)	-	-	-	-	-	-	(77)
18		-	-	-	-	-	-	-	-
19	Total Operating Expense	-	-	-	-	-	-	-	-
20	Before Income Taxes	(2,733)	-	(9)	-	-	-	-	(2,742)
21	State Income Tax	200	(119)	1	-	-	-	-	82
22	Federal Income Tax	894	(108)	3	-	-	-	-	789
23	Deferred Invest. Tax Credits - Net	-	-	-	-	-	-	-	-
24	Total Operating Expenses	(1,639)	(227)	(5)	-	-	-	-	(1,871)
25	NET OPERATING INCOME	\$ 1,639	\$ 227	\$ 5	\$ -	\$ -	\$ -	\$ -	\$ 1,871

AmerenCIPS
Rate Base
For the Test Year Ending June 30, 2002
(In Thousands)

Line No.	Description	Company Rebuttal Pro Forma Rate Base (St. Ex. 18.0 Sch. 18.3 CIPS, p. 2)	Staff Adjustments (St. Ex. 18.0 Sch 18.4 CIPS)	Staff Pro Forma Rate Base (Col. B+C)
		(A)	(B)	(C)
1	Gross Plant in Service	\$ 299,201	\$ (127)	\$ 299,074
2	Accumulated Depreciation	(137,601)	185	(137,416)
3		-	-	-
4	Net Plant	161,600	58	161,658
5	Additions to Rate Base			
6	Materials & Supplies	1,063	-	1,063
7	Gas Stored Underground & Propane	26,979	(842)	26,137
8	Cash Working Capital	7,386	(7,386)	-
9	Deferred Info System Development	102	-	102
10		-	-	-
11		-	-	-
12		-	-	-
13		-	-	-
14		-	-	-
15		-	-	-
16	Deductions From Rate Base		-	
17	Customer Advances	(717)	-	(717)
18	Customer Deposits	(688)	-	(688)
19	Pre-1971 Investment Tax Credits	(2)	-	(2)
20	Accumulated Deferred Income Taxes	(21,144)	-	(21,144)
21		-	-	-
22		-	-	-
23	Rate Base	<u>\$ 174,579</u>	<u>\$ (8,170)</u>	<u>\$ 166,409</u>

AmerenCIPS
Rate Base
For the Test Year Ending June 30, 2002
(In Thousands)

Line No.	Description	Company Pro Forma Rate Base (Co. Sch. B-1) (B)	Company Rebuttal Adjustments (CIPS Ex. No. 14.2) (C)	Company Rebuttal Pro Forma (B+C) (D)
1	Gross Plant in Service	\$ 299,371	\$ (170)	\$299,201
2	Accumulated Depreciation	(137,619)	18	(137,601)
3		-	-	-
4	Net Plant	161,752	(152)	\$161,600
5	Additions to Rate Base	-	-	-
6	Materials & Supplies	1,381	(318)	1,063
7	Gas Stored Underground & Propane	27,537	(558)	26,979
8	Cash Working Capital	8,558	(1,172)	7,386
9	Deferred Info System Development	102	-	102
10		-	-	-
11		-	-	-
12		-	-	-
13		-	-	-
14		-	-	-
15		-	-	-
16	Deductions From Rate Base	-	-	-
17	Customer Advances	(717)	-	(717)
18	Customer Deposits	(906)	218	(688)
19	Pre-1971 Investment Tax Credits	(2)	-	(2)
20	Accumulated Deferred Income Taxes	(21,144)	-	(21,144)
21		-	-	-
22		-	-	-
23	Rate Base	\$ 176,561	\$ (1,982)	\$ 174,579

AmerenCIPS
Adjustments to Rate Base
For the Test Year Ending June 30, 2002
(In Thousands)

Line No.	Description	Cash Working Capital (St. Ex. 10.0 Sch. 10.1 CIPS)	Material & Supplies (St. Ex. 10.0 Sch. 10.2 CIPS)	Customer Deposits (St. Ex. 10.0 Sch. 10.7 CIPS)	Underground Storage (St. Ex. 17.0 Sch. 17.1 CIPS)	Plant Held for Future Use (St. Ex. 16.0 Sch. 16.1)	Belle Gent Storage Field (St. Ex. 16.0 Sch. 16.2)	Richwood Storage Field (St. Ex. 16.0 Sch. 16.3)	Total Rate Base Adjustments
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
1	Gross Plant in Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (127)	\$ -	\$ (127)
2	Accumulated Depreciation	-	-	-	-	-	127	58	185
3		-	-	-	-	-	-	-	-
4	Net Plant	-	-	-	-	-	-	58	58
5	Additions to Rate Base								
6	Materials & Supplies	-	-	-	-	-	-	-	-
7	Gas Stored Underground & Propane	-	-	-	(842)	-	-	-	(842)
8	Cash Working Capital	(7,386)	-	-	-	-	-	-	(7,386)
9	Deferred Info System Development	-	-	-	-	-	-	-	-
10		-	-	-	-	-	-	-	-
11		-	-	-	-	-	-	-	-
12		-	-	-	-	-	-	-	-
13		-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15		-	-	-	-	-	-	-	-
16	Deductions From Rate Base	-	-	-	-	-	-	-	-
17	Customer Advances	-	-	-	-	-	-	-	-
18	Customer Deposits	-	-	-	-	-	-	-	-
19	Pre-1971 Investment Tax Credits	-	-	-	-	-	-	-	-
20	Accumulated Deferred Income Taxes	-	-	-	-	-	-	-	-
21		-	-	-	-	-	-	-	-
22		-	-	-	-	-	-	-	-
23	Rate Base	\$ (7,386)	\$ -	\$ -	\$ (842)	\$ -	\$ -	\$ 58	\$ (8,170)

AmerenCIPS
Interest Synchronization Adjustment
For the Test Year Ending June 30, 2002
(In Thousands)

Line No.	Description (A)	Amount (B)
1	Gross Plant in Service	\$ 166,409 (1)
2	Weighted Cost of Debt	3.310% (2)
3	Synchronized Interest Per Staff	5,508
4	Company Interest Expense	<u>5,528</u> (3)
5	Increase (Decrease) in Interest Expense	<u>(20)</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 7.300%	<u>\$ 1</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 35.000%	<u>\$ 6</u>

(1) Source: ICC Staff Ex. 18.0, Schedule 18.3 CIPS, Column (D).

(2) Source: ICC Staff Exhibit 6.0, Schedule 6.1 CIPS.

(3) Source: Company Schedule C-6, Column (D).

AmerenCIPS
Gross Revenue Conversion Factor
For the Test Year Ending June 30, 2002
(In Thousands)

Line No.	Description	Rate	Per Staff With Bad Debts	Per Staff Without Bad Debts
	(A)	(B)	(C)	(D)
1	Revenues		1.000000	
2	Uncollectibles	0.6600%	<u>0.006600</u>	
3	State Taxable Income		0.993400	1.000000
4	State Income Tax	7.3000%	<u>0.072518</u>	<u>0.073000</u>
5	Federal Taxable Income		0.920882	0.927000
6	Federal Income Tax	35.0000%	<u>0.322309</u>	<u>0.324450</u>
7	Operating Income		<u>0.598573</u>	<u>0.602550</u>
8	Gross Revenue Conversion Factor Per Staff		<u>1.670640</u>	<u>1.659613</u>

Central Illinois Public Service Company
Outside Services Expense Adjustment
For the Test Year Ending June 30, 2002
(In Thousands)

Line No.	Description	Amount
(A)	(B)	(C)
1	Outside Services Expense Per Staff	\$ 3,760
2	Outside Services Expense Per Company	3,760
3	Adjustment to A & G Expense	<u>\$ -</u>

Source:

Line 2 Company Exhibit CIPS-063(f).

Central Illinois Public Service Company
Rate Case Expense Adjustment
For the Test Year Ending June 30, 2002
(In Thousands)

Line No. (A)	Description (B)	Rate Case Expense per Staff (C)	Rate Case Expense per Company Rebuttal (D)	Rate Case Expense Adjust. (C-D) (E)
1	Legal Fees	\$ 68	\$ 68	
2	Consultants	150	150	
3	Outside Printing	13	13	
4	Company Witnesses Travel Expense	7	7	
5	Unamortized Prior Rate Case Expense	71	71	
6		<u>\$ 308</u>	<u>\$ 308</u>	
7	Amortization Period in Years	5	3	
8	Amortization Expense Per Year (Line 7/Line 8)	<u>\$ 62</u>	<u>\$ 103</u>	<u>\$ (41)</u>

Source:

Column C, Line 5 Company workpaper WPC-3.14b (\$77,779 x 91.13%).

Column D, except line 5 Company workpaper WPC-3.14a (expense/2).

Column D, Line 5 AmerenCIPS Ex. No. 14.4, line 20. $\$11 \times 3 \text{ yrs amort.} = \$33 + \$39 \text{ (per Co. WPC-3.14a)} = \$72 - 1 \text{ (rounding)} = \71

Central Illinois Public Service Company
Wage Expense Adjustment
For the Test Year Ending June 30, 2002
(In Thousands)

Line No. (A)	Description (B)	Wage Increase per Staff (C)	Wage Increase per Company (D)	Eliminate 2003 Salary Increase for Management (E)	Wage Increase Per Company Rebuttal Position (D+E) (F)	Staff Adjustments	
						Wage Expense (C-F) (G)	Associated Payroll Tax (G*7.65%) (H)
1	Production	\$ 14	\$ 34	\$ (20)	\$ 14	\$ -	
2	Gas Storage & Processing	13	29	(7)	22	(9)	
3	Transmission	15	34	(15)	19	(4)	
4	Distribution	258	558	(115)	443	(185)	
5	Other -						
6	Customer Accounts	51	108	(14)	94	(43)	
7	Customer Service	3	6	(3)	3	-	
8	Sales	3	8	(5)	3	-	
9	Administrative & General	53	126	(60)	66	(13)	
10	Total	<u>\$ 410</u>	<u>\$ 903</u>	<u>\$ (239)</u>	<u>\$ 664</u>	<u>\$ (254)</u>	<u>\$ (19)</u>

Source:

Column C, Lines 1-4 CIPS workpaper WPC-3.7a, column e1.
Column C, Line 6-9 CIPS workpaper WPC-3.7a, column e2.
Column D CIPS workpaper WPC-3.7a, column h.
Column E Company Rebuttal, AmerenCIPS Exhibit No. 14.4, line 3.

Central Illinois Public Service Company
Pension Expense Adjustment
For the Test Year Ending June 30, 2002
(In Thousands)

Line No. (A)	Description (B)	Pension Expense Per Staff (C)	Pension Expense Per Company Rebuttal Position (D)	Pension Expense Adjustment (C-D) (E)
1	Pension Plans:			
2	Supplemental Excess	\$ -	\$ -	\$ -
3	Deferred Compensation-Survivor Benefits	-	-	-
4	Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Source:
Column D

AmerenCIPS Exhibit No. 14.5, lines 14-15.
(See ICC Staff Ex. 1.0, Sch. 1.10 CIPS for adjustment filed with Staff direct tty.)

Central Illinois Public Service Company
Incentive Compensation Expense Adjustment
For the Test Year Ending June 30, 2002
(In Thousands)

Line No. (A)	Description (B)	Incentive Compensation Per Staff (C)	Incentive Compensation Per Company (D)	Incentive Compensation Recorded for AFS Employees (E)	Staff Adjustments	
					Incentive Comp. Expene (C-D-E) (F)	Associated Payroll Tax (F*7.65%) (G)
1	Production	\$ -	\$ 30	\$ 58	\$ (88)	
2	Gas Storage & Processing	-	14		(14)	
3	Transmission	-	25		(25)	
4	Distribution	-	257		(257)	
5	Other -					
6	Customer Accounts	-	40		(40)	
7	Customer Service	-	6		(6)	
8	Sales	-	7		(7)	
9	Administrative & General	-	97		(97)	
10	Total	<u>\$ -</u>	<u>\$ 476</u>	<u>\$ 58</u>	<u>\$ (534)</u>	<u>\$ (41)</u>

Source:

Column D

CIPS workpaper WPC-3.7a, column c.

Column E

Company response to data request CIPS&UE-BCJ-6.03.

Central Illinois Public Service Company
Early Retirement Labor Expense Adjustment
For the Test Year Ending June 30, 2002
(In Thousands)

Line No. (A)	Description (B)	Annualized 2002 Labor (C)	% of Total (D)	Early Retirement Labor Savings Per Staff (E)	Early Retirement Labor Savings Per Company Rebuttal		Staff Adjustments	
					Retired Positions (F)	Refilled Positions (G)	Labor Expense (E-F-G) (H)	Associated Payroll Tax (H*7.65%) (I)
1	Gas O & M							
2	Production	\$ 512	4%	\$ (45)	\$ (45)	\$ 8	\$ (8)	
3	Storage	472	3%	(42)	(42)	7	(7)	
4	Transmission	525	4%	(46)	(46)	8	(8)	
5	Distribution	9,141	63%	(808)	(808)	137	(137)	
6	Cust. Accounts	1,776	12%	(157)	(157)	27	(27)	
7	Customer Service	99	1%	(9)	(9)	1	(1)	
8	Sales	125	1%	(11)	(11)	2	(2)	
9	Admin. & General	1,960	13%	(173)	(173)	29	(29)	
10	Total	<u>\$ 14,610</u>	<u>100%</u>	<u>\$ (1,291)</u>	<u>\$ (1,291)</u>	<u>\$ 219</u>	<u>\$ (219)</u>	<u>\$ (17)</u>

Source:

Col. C CIPS workpaper WPC-3.7a, col f.
Col. D Column C/Total Column C.
Col. E, line 10 Supplemental Response to Staff data request CIPS-069, item 3, p. 7.
Col. E, lines 2-9 Column D x Column E, line 10.
Col. F Company rebuttal, AmerenCIPS Ex. No. 14.4, line 5.
Col. G Company rebuttal, AmerenCIPS Ex. No. 14.4, line 7.

Central Illinois Public Service Company
Voluntary Retirement Program Costs Adjustment
For the Test Year Ending June 30, 2002
(In Thousands)

Line No. (A)	Description (B)	Per Staff (C)	Per Company (D)	Staff Adjustment to A & G Expense (C-D) (E)
1	Voluntary Retirement Program ("VRP") Costs	\$ -	\$ 3,451	
2	Amortization Period in Years	-	3	
3	VRP Amortization Per Year (Line 1/Line 2)	\$ -	\$ 1,150	\$ (1,150)

Source:

Line 1 Company supplemental response to Staff data request CIPS-069, item 1), page 1.
Lines 2-3 AmerenCIPS Exhibit No. 14.4, lines 9 & 10.

AmerenUE
Statement of Operating Income with Adjustments
For the Test Year Ending June 30, 2002
(In Thousands)

[illegible]

AmerenUE
Statement of Operating Income with Adjustments
For the Test Year Ending June 30, 2002
(In Thousands)

Line No.	Description	Company Pro Forma Present (Co. Schs. C-2, C-3)	Company Rebuttal Adjustments (UE Ex. 14.4)	Company Rebuttal Pro Forma Present (B+C)
	(A)	(B)	(C)	(D)
1	Operating Revenues	\$ 4,960	\$ -	\$ 4,960
2	Other Revenues	174	-	174
3	PGA Revenues	9,852	-	9,852
4		<u>-</u>	<u>-</u>	<u>-</u>
5	Total Operating Revenue	14,986	-	14,986
6	Uncollectible Accounts	399	-	399
7	Production	244	(12)	232
8	PGA Expenses	9,852	-	9,852
9	Gas Storage and Processing	-	-	-
10	Transmission	53	(3)	50
11	Distribution	1,562	(88)	1,474
12	Customer Accounts	690	(21)	669
13	Customer Service	108	(6)	102
14	Sales	12	(1)	11
15	Administrative and General	2,327	62	2,389
16	Depreciation and Amortization	756	-	756
17	Taxes Other Than Income	181	(13)	168
18		<u>-</u>	<u>-</u>	<u>-</u>
19	Total Operating Expense			
20	Before Income Taxes	16,184	(82)	16,102
21	State Income Tax	-	(1)	(1)
22	Federal Income Tax	(206)	(4)	(210)
23	Deferred Invest. Tax Credits - Net	<u>(16)</u>	<u>-</u>	<u>(16)</u>
24	Total Operating Expenses	<u>15,962</u>	<u>(87)</u>	<u>15,875</u>
25	NET OPERATING INCOME	<u>\$ (976)</u>	<u>\$ 87</u>	<u>\$ (889)</u>

AmerenUE
Adjustments to Operating Income
For the Test Year Ending June 30, 2002
(In Thousands)

Line No.	Description	Interest Synchronization (St. Ex. 18.0 Sch. 18.5 UE)	Outside Services (St. Ex. 18.0 Sch. 18.7 UE)	Rate Case Expense (St. Ex. 18.0 Sch. 18.8 UE)	Wage Expense (St. Ex. 18.0 Sch. 18.9 UE)	Pension Expense (St. Ex. 18.0 Sch. 18.10 UE)	Incentive Compensation (St. Ex. 18.0 Sch. 18.11 UE)	Early Retirement (St. Ex. 18.0 Sch. 18.12 UE)	Subtotal Operating Statement Adjustments
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
1	Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Other Revenues	-	-	-	-	-	-	-	-
3	PGA Revenues	-	-	-	-	-	-	-	-
4		-	-	-	-	-	-	-	-
5	Total Operating Revenue	-	-	-	-	-	-	-	-
6	Uncollectible Accounts	-	-	-	-	-	-	-	-
7	Production	-	-	-	-	-	(24)	(2)	(26)
8	PGA Expenses	-	-	-	-	-	-	-	-
9	Gas Storage and Processing	-	-	-	-	-	-	-	-
10	Transmission	-	-	-	-	-	(1)	-	(1)
11	Distribution	-	-	-	(26)	-	(26)	(16)	(68)
12	Customer Accounts	-	-	-	(6)	-	(6)	(4)	(16)
13	Customer Service	-	-	-	(2)	-	(2)	(1)	(5)
14	Sales	-	-	-	(1)	-	-	-	(1)
15	Administrative and General	-	-	(32)	(3)	-	(17)	(5)	(57)
16	Depreciation and Amortization	-	-	-	-	-	-	-	-
17	Taxes Other Than Income	-	-	-	(3)	-	(6)	(2)	(11)
18		-	-	-	-	-	-	-	-
19	Total Operating Expense	-	-	-	-	-	-	-	-
20	Before Income Taxes	-	-	(32)	(41)	-	(82)	(30)	(185)
21	State Income Tax	(3)	-	2	3	-	6	2	10
22	Federal Income Tax	(14)	-	10	13	-	27	10	46
23	ITCs	-	-	-	-	-	-	-	-
24	Total Operating Expenses	(17)	-	(20)	(25)	-	(49)	(18)	(129)
25	NET OPERATING INCOME	\$ 17	\$ -	\$ 20	\$ 25	\$ -	\$ 49	\$ 18	\$ 129

AmerenUE
Adjustments to Operating Income
For the Test Year Ending June 30, 2002
(In Thousands)

Line No.	Description	Subtotal Operating Statement Adjustments	Voluntary Retirement Program Costs (St. Ex. 18.0 Sch. 18.13 UE)	Uncollectibles Expense (St. Ex. 10.0 Sch. 10.3 UE)	Advertising Expense (St. Ex. 10.0 Sch. 10.4 UE)	Income Tax Expense (St. Ex. 10.0 Sch. 10.8 UE)	Automated Meter Reading Expense (St. Ex. 11.0 Sch. 11.1 UE)	(Source)	Total Operating Statement Adjustments
	(A)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)
1	Operating Revenues	\$ -		\$ -	\$ -			\$ -	\$ -
2	Other Revenues	-	-	-	-	-	-	-	-
3	PGA Revenues	-	-	-	-	-	-	-	-
4		-	-	-	-	-	-	-	-
5	Total Operating Revenue	-	-	-	-	-	-	-	-
6	Uncollectible Accounts	-	-	(297)	-	-	-	-	(297)
7	Production	(26)	-	-	-	-	-	-	(26)
8	PGA Expenses	-	-	-	-	-	-	-	-
9	Gas Storage and Processing	-	-	-	-	-	-	-	-
10	Transmission	(1)	-	-	-	-	-	-	(1)
11	Distribution	(68)	-	-	-	-	-	-	(68)
12	Customer Accounts	(16)	-	-	-	-	(210)	-	(226)
13	Customer Service	(5)	-	-	(1)	-	-	-	(6)
14	Sales	(1)	-	-	-	-	-	-	(1)
15	Administrative and General	(57)	(122)	-	-	-	-	-	(179)
16	Depreciation and Amortization	-	-	-	-	-	-	-	-
17	Taxes Other Than Income	(11)	-	-	-	-	-	-	(11)
18		-	-	-	-	-	-	-	-
19	Total Operating Expense								
20	Before Income Taxes	(185)	(122)	(297)	(1)	-	(210)	-	(815)
21	State Income Tax	10	9	22	-	(113)	15	-	(57)
22	Federal Income Tax	46	40	96	-	(337)	68	-	(87)
23	ITCs	-	-	-	-	-	-	-	-
24	Total Operating Expenses	(129)	(73)	(179)	(1)	(450)	(127)	-	(959)
25	NET OPERATING INCOME	\$ 129	\$ 73	\$ 179	\$ 1	\$ 450	\$ 127	\$ -	\$ 959

AmerenUE
Rate Base
For the Test Year Ending June 30, 2002
(In Thousands)

Line No.	Description	Company Rebuttal Pro Forma Rate Base (St. Ex. 18.0 Sch. 18.3 UE, p. 2)	Staff Adjustments (St. Ex. 18.0 Sch 18.4 UE)	Staff Pro Forma Rate Base (Col. B+C)
		(A)	(C)	(D)
1	Gross Plant in Service	\$ 32,088	\$ -	\$ 32,088
2	Accumulated Depreciation	(15,977)	-	(15,977)
3		-	-	-
4	Net Plant	16,111	-	16,111
5	Additions to Rate Base			
6	Materials & Supplies	36	-	36
7	Gas Stored Underground & Propane	1,703	(2)	1,701
8	Cash Working Capital	840	(840)	-
9	Deferred Info System Development	-	-	-
10		-	-	-
11		-	-	-
12		-	-	-
13		-	-	-
14		-	-	-
15		-	-	-
16	Deductions From Rate Base			
17	Customer Advances	(147)	-	(147)
18	Customer Deposits	(46)	-	(46)
19	Pre-1971 Investment Tax Credits	(13)	-	(13)
20	Accumulated Deferred Income Taxes	(1,734)	-	(1,734)
21		-	-	-
22		-	-	-
23	Rate Base	<u>\$ 16,750</u>	<u>\$ (842)</u>	<u>\$ 15,908</u>

AmerenUE

Rate Base

For the Test Year Ending June 30, 2002

(In Thousands)

Line No.	Description	Company Pro Forma Rate Base (Co. Sch. B-1) (B)	Company Rebuttal Adjustments (UE. Ex. 14.2) (C)	Company Rebuttal Pro Forma (B+C) (D)
1	Gross Plant in Service	\$ 32,088	\$ -	\$ 32,088
2	Accumulated Depreciation	(15,977)	-	(15,977)
3		-	-	-
4	Net Plant	16,111	-	\$16,111
5	Additions to Rate Base			
6	Materials & Supplies	47	(11)	36
7	Gas Stored Underground & Propane	1,703	-	1,703
8	Cash Working Capital	928	(88)	840
9	Deferred Info System Development	-	-	-
10		-	-	-
11		-	-	-
12		-	-	-
13		-	-	-
14		-	-	-
15		-	-	-
16	Deductions From Rate Base			
17	Customer Advances	(147)	-	(147)
18	Customer Deposits	(51)	5	(46)
19	Pre-1971 Investment Tax Credits	(13)	-	(13)
20	Accumulated Deferred Income Taxes	(1,734)	-	(1,734)
21		-	-	-
22		-	-	-
23	Rate Base	\$ 16,844	\$ (94)	\$ 16,750

AmerenUE
Adjustments to Rate Base
For the Test Year Ending June 30, 2002
(In Thousands)

Line No.	Description	Cash Working Capital (St. Ex. 10.0 Sch. 10.1 UE)	Material & Supplies (St. Ex. 10.0 Sch. 10.2 UE)	Customer Deposits (St. Ex. 10.0 Sch. 10.7 UE)	Underground Storage (St. Ex. 11.0 Sch. 11.1 UE)	(Source)	(Source)	(Source)	Total Rate Base Adjustments
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
1	Gross Plant in Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Accumulated Depreciation	-	-	-	-	-	-	-	-
3		-	-	-	-	-	-	-	-
4	Net Plant	-	-	-	-	-	-	-	-
5	Additions to Rate Base								
6	Materials & Supplies	-	-	-	-	-	-	-	-
7	Gas Stored Underground & Propane	-	-	-	(2)	-	-	-	(2)
8	Cash Working Capital	(840)	-	-	-	-	-	-	(840)
9	Deferred Info System Development	-	-	-	-	-	-	-	-
10		-	-	-	-	-	-	-	-
11		-	-	-	-	-	-	-	-
12		-	-	-	-	-	-	-	-
13		-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15		-	-	-	-	-	-	-	-
16	Deductions From Rate Base	-	-	-	-	-	-	-	-
17	Customer Advances	-	-	-	-	-	-	-	-
18	Customer Deposits	-	-	-	-	-	-	-	-
19	Pre-1971 Investment Tax Credits	-	-	-	-	-	-	-	-
20	Accumulated Deferred Income Taxes	-	-	-	-	-	-	-	-
21		-	-	-	-	-	-	-	-
22		-	-	-	-	-	-	-	-
23	Rate Base	<u>\$ (840)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (842)</u>

AmerenUE
Interest Synchronization Adjustment
For the Test Year Ending June 30, 2002
(In Thousands)

Line No.	Description	Amount
	(A)	(B)
1	Gross Plant in Service	\$ 15,908 (1)
2	Weighted Cost of Debt	2.610% (2)
3	Synchronized Interest Per Staff	415
4	Company Interest Expense	<u>371</u> (3)
5	Increase (Decrease) in Interest Expense	<u>44</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 7.300%	<u>\$ (3)</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 35.000%	<u>\$ (14)</u>

(1) Source: ICC Staff Ex. 18.0, Schedule 18.3 UE, Column (D).

(2) Source: ICC Staff Exhibit 13.0, Schedule 13.1 UE.

(3) Source: Company Schedule C-6.2.

AmerenUE
Gross Revenue Conversion Factor
For the Test Year Ending June 30, 2002
(In Thousands)

Line No.	Description	Rate	Per Staff With Bad Debts	Per Staff Without Bad Debts
	(A)	(B)	(C)	(D)
1	Revenues		1.000000	
2	Uncollectibles	0.7500%	<u>0.007500</u>	
3	State Taxable Income		0.992500	1.000000
4	State Income Tax	7.3000%	<u>0.072453</u>	<u>0.073000</u>
5	Federal Taxable Income		0.920047	0.927000
6	Federal Income Tax	35.0000%	<u>0.322016</u>	<u>0.324450</u>
7	Operating Income		<u>0.598031</u>	<u>0.602550</u>
8	Gross Revenue Conversion Factor Per Staff		<u>1.672154</u>	<u>1.659613</u>

Union Electric Company
Outside Services Expense Adjustment
For the Test Year Ending June 30, 2002
(In Thousands)

Line No.	Description	Amount
(A)	(B)	(C)
1	Outside Services Expense Per Staff	\$ 128
2	Outside Services Expense Per Company	128
3	Adjustment to A & G Expense	<u>\$ -</u>

Source:

Line 2 Company Exhibit UE-063(f).

Union Electric Company
Rate Case Expense Adjustment
For the Test Year Ending June 30, 2002
(In Thousands)

Line No. (A)	Description (B)	Rate Case Expense per Staff (C)	Rate Case Expense per Company Rebuttal (D)	Staff Adjustment (C-D) (E)
1	Legal Fees	\$ 68	\$ 68	
2	Consultants	150	150	
3	Outside Printing	13	13	
4	Company Witnesses Travel Expense	7	7	
5	Unamortized Prior Rate Case Expense	7	7	
6		<u>\$ 244</u>	<u>\$ 244</u>	
7	Amortization Period in Years	5	3	
8	Amortization Expense Per Year (Line 7/Line 8)	<u>\$ 49</u>	<u>\$ 81</u>	<u>\$ (32)</u>

Source:

Column C, line 5 Company workpaper WPC-3.13b (\$77,779 x 8.87%).

Column D, except line 5 Company workpaper WPC-3.13a (expense/2).

Column D, line 5 AmerenUE Ex. No. 14.4, line 14. $\$(11) \times 3 \text{ yrs amort.} = \$(33) + \$39 \text{ (per Co. WPC-3.13a)} = \$6 + 1 \text{ (rounding)} = \7

Union Electric Company
Wage Expense Adjustment
For the Test Year Ending June 30, 2002
(In Thousands)

Line No. (A)	Description (B)	Wage Increase per Staff (C)	Wage Increase per Company (D)	Eliminate 2003 Salary Increase for Management (E)	Wage Increase Per Company Rebuttal Position (D+E) (F)	Staff Adjustments	
						Wage Expense (C-F) (G)	Associated Payroll Tax (G*7.65%) (H)
1	Production	\$ 4	\$ 8	\$ (4)	\$ 4	\$ -	
2	Gas Storage & Processing	-	-	-	-	-	
3	Transmission	1	2	(1)	1	-	
4	Distribution	34	72	(12)	60	(26)	
5	Other -				-	-	
6	Customer Accounts	8	17	(3)	14	(6)	
7	Customer Service	3	6	(1)	5	(2)	
8	Sales	-	1	-	1	(1)	
9	Administrative & General	11	26	(12)	14	(3)	
10	Total	<u>\$ 61</u>	<u>\$ 132</u>	<u>\$ (33)</u>	<u>\$ 99</u>	<u>\$ (38)</u>	<u>\$ (3)</u>

Source:

Column C, Lines 1-4 UEC workpaper WPC-3.7a, column e1.

Column C, Line 6-9 UEC workpaper WPC-3.7a, column e2.

Column D UEC workpaper WPC-3.7a, column h.

Column E Company Rebuttal, AmerenUE Exhibit No. 14.4, line 3.

Union Electric Company
Pension Expense Adjustment
For the Test Year Ending June 30, 2002
(In Thousands)

Line No.	Description	Pension Expense Per Staff	Pension Expense Per Company Rebuttal Position	Pension Expense Adjustment (C-D)
(A)	(B)	(C)	(D)	(E)
1	Pension Plans:			
2	Supplemental Excess	\$ -	\$ -	\$ -
3	Deferred Compensation-Survivor Benefits	-	-	-
4	Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Source:
Column D

AmerenUE Exhibit No. 14.5, lines 8-9.
(See ICC Staff Ex. 1.0, Sch. 1.10 UE for adjustment filed with Staff direct tty.)

Union Electric Company
Incentive Compensation Expense Adjustment
For the Test Year Ending June 30, 2002
(In Thousands)

Line No. (A)	Description (B)	Incentive Compensation Per Staff (C)	Incentive Compensation Per Company (D)	Incentive Compensation Recorded for AFS Employees (E)	Staff Adjustments	
					Incentive Comp. Expense (C-D-E) (F)	Associated Payroll Tax (F*7.65%) (G)
1	Production	\$ -	\$ 6	\$ 18	\$ (24)	
2	Gas Storage & Processing	-	-		-	
3	Transmission	-	1		(1)	
4	Distribution	-	26		(26)	
5	Other -					
6	Customer Accounts	-	6		(6)	
7	Customer Service	-	2		(2)	
8	Sales	-	-		-	
9	Administrative & General	-	17		(17)	
10	Total	<u>\$ -</u>	<u>\$ 58</u>	<u>\$ 18</u>	<u>\$ (76)</u>	<u>\$ (6)</u>

Source:

Column D

UE workpaper WPC-3.7a, column c.

Column E

Company response to data request CIPS&UE-BCJ-6.03.

Union Electric Company
Early Retirement Labor Expense Adjustment
For the Test Year Ending June 30, 2002
(In Thousands)

Line No. (A)	Description (B)	Annualized 2002 Labor (C)	% of Total (D)	Early Retirement Labor Savings Per Staff (E)	Early Retirement Labor Savings Per Company Rebuttal		Staff Adjustments	
					Retired Positions (F)	Refilled Positions (G)	Labor Expense (E-F-G) (H)	Associated Payroll Tax (H*7.65%) (I)
1	Gas O & M							
2	Production	\$ 118	6%	\$ (9)	\$ (9)	\$ 2	\$ (2)	
3	Storage	-	0%	-	-	-	-	
4	Transmission	29	1%	(2)	(2)	-	(0)	
5	Distribution	1,187	56%	(92)	(92)	16	(16)	
6	Cust. Accounts	284	13%	(22)	(22)	4	(4)	
7	Customer Service	94	4%	(7)	(7)	1	(1)	
8	Sales	8	0%	(1)	(1)	-	0	
9	Admin. & General	411	19%	(32)	(32)	5	(5)	
10	Total	<u>\$ 2,131</u>	<u>100%</u>	<u>\$ (165)</u>	<u>\$ (165)</u>	<u>\$ 28</u>	<u>\$ (28)</u>	<u>\$ (2)</u>

Source:

Col. C UE workpaper WPC-3.7a, col f.
Col. D Column C/Total Column C.
Col. E, line 10 Supplemental Response to Staff data request UE-069, item 3, p. 7.
Col. E, lines 2-9 Column D x Column E, line 10.
Col. F Company rebuttal, AmerenUE Ex. No. 14.4, line 5.
Col. G Company rebuttal, AmerenUE Ex. No. 14.4, line 7.

Union Electric Company
Voluntary Retirement Program Costs Adjustment
For the Test Year Ending June 30, 2002
(In Thousands)

Line No. (A)	Description (B)	Per Staff (C)	Per Company (D)	Staff Adjustment to A & G Expense (C-D) (E)
1	Voluntary Retirement Program ("VRP") Costs	\$ -	\$ 366	
2	Amortization Period in Years	-	3	
3	VRP Amortization Per Year (Line 1/Line 2)	<u>\$ -</u>	<u>\$ 122</u>	<u>\$ (122)</u>

Source:

Line 1 Company supplemental response to Staff data request UE-069, item 1), page 1.
Lines 2-3 AmerenUE Exhibit No. 14.4, lines 9 & 10.